

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLUMBIA**

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In re	:	
	:	Chapter 11
GREATER SOUTHEAST COMMUNITY HOSPITAL CORPORATION I, <u>et al.</u>,	:	
	:	Case No. 02-2250 (SMT)
	:	
Reorganized Debtors.	:	(Jointly Administered)
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**MOTION FOR COURT APPROVAL OF STIPULATION
BETWEEN REORGANIZED DEBTORS AND HEALTH NET, INC.**

1. Reorganized Debtor Pacifica of the Valley, Inc. ("Pacifica") and Health Net, Inc., by and through its former affiliate, Managed Alternative Care/American VitalCare, Inc. d/b/a VitalCare America/HealthNet, Inc. ("MAC") were parties to one or more agreements (collectively, the "Sub-Acute Management Agreement"), as amended from time to time, whereby MAC, provided sub-acute management services to Pacifica since prior to the Petition Date (as defined below).

2. On November 20, 2002 (the "Petition Date"), each of the above-captioned Debtors commenced with this Bankruptcy Court a voluntary case under chapter 11 of the Bankruptcy Code;

3. The Debtors' Modified Second Amended Joint Chapter 11 Plan of Reorganization (the "Plan") was confirmed pursuant to an Order (the "Confirmation Order") entered by the Bankruptcy Court on April 2, 2004. The Plan became effective according to its terms on April 5, 2004 (the "Plan Effective Date"). The transactions contemplated by the Plan have been carried out, and the Plan has been substantially consummated.

4. The Sub-Acute Management Agreement was rejected by Pacifica as of the Effective Date in accordance with the procedures for assumption and rejection of executory contracts set forth in the Plan and Confirmation Order;

5. On or about October 10, 2006, Health Net filed a Motion for Allowance and Payment of Administrative Expense Claim Pursuant to 11 U.S.C. § 503(b) (docket number 3030, the "Motion") in the Reorganized Debtors' cases, thereby seeking allowance and payment, on an administrative expense priority basis, in the amount of \$661,518.17 (the "Administrative Expense Claim") for unpaid charges arising under the Sub-Acute Management Agreement between the Petition Date and the Plan Effective Date (the "Case Administration Period").

6. On or about October 30, 2006, the Reorganized Debtors filed their Objection to the Motion, thereby denying that any amounts were owed by Pacifica under the Sub-Acute Management Agreement for charges arising during the Case Administration Period.

7. After an exchange of documents and arms-length, good faith negotiations, the Reorganized Debtors and Health Net have agreed to resolve the Motion in accordance with the terms and conditions set forth in the annexed Stipulation and [proposed] Order (the "Stipulation"). The Stipulation provides for, among other things, the Reorganized Debtors to pay an agreed amount in installments in full satisfaction of Health Net's administrative expense claim.

8. Counsel for The DCHC Liquidating Trust has executed the Stipulation to indicate that the Trust has no objection to the Stipulation.

WHEREFORE, the Reorganized Debtors respectfully move entry of an order approving the Stipulation.

Dated: July 23 , 2008

/s/ John H. Thompson

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